

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 NEA-11 IO-13 ISO-00 L-03 FRB-03
OMB-01 ITC-01 SP-02 ICA-11 AGRE-00 AID-05 CIAE-00
COME-00 INR-10 LAB-04 NSAE-00 OIC-02 SIL-01
STR-07 TRSE-00 CEA-01 SS-15 NSC-05 INT-05 /119 W
-----018450 311214Z /42

R 310252Z MAY 78
FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 9056
INFO AMEMBASSY BANGKOK
AMEMBASSY COLOMBO
USMISSION GENEVA
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE JAKARTA 7043

E.O. 11652: NA
TAGS: ANRPC, UNCTAD, ETRD, ID
SUBJECT: INTERNATIONAL RUBBER AGREEMENT

REF: KUALA LUMPUR 4495

1. DR. K. ALGAMAR, DIRECTOR OF FOREIGN TRADE AT DEPARTMENT OF TRADE AND GOI'S PRINCIPAL RUBBER NEGOTIATOR, HAS EXPRESSED TO EMBOFF OPTIMISM THAT THE PROPOSED RUBBER AGREEMENT CAN BE SIGNED BEFORE THE END OF THIS YEAR. ALGAMAR ADMITTED A NUMBER OF PROBLEMS REMAIN TO BE SOLVED BUT DOUBTED THEY WOULD FORCE DEVIATION FROM PROPOSED TIMETABLE FOR MEETINGS LEADING TO SIGNATURE OF THE AGREEMENT.

2. THE MAJOR PROBLEM IS THAT OF SUPPLY RETAIONALIZATION, EVEN THOUGH, ACCORDING TO ALGAMAR, IT IS ONLY THE U.S. AMONG CONSUMERS WHICH OPPOSES THE PRODUCERS' PROPOSAL TO
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RELY ON EXPORT CONTROLS. ALGAMAR REAFFIRMED HIS GOVERNMENT'S LINE THAT A SITUATION IN WHICH THE BUFFER STOCK FUNDS ARE EXHAUSTED AND PRICES CONTINUE TO DECLINE NECESSITATES THE EXISTENCE OF SOME MECHANISM FOR RELIEF. THE U.S. SUGGESTION TO INCREASE THE BUFFER STOCK IN SUCH A SITUATION WOULD BE TOO GREAT A HARDSHIP FOR PRODUCING COUNTRIES. (UNLESS OF COURSE THE U.S. AND OTHER CONSUMERS AGREE TO

FINANCE THIS ADDITION BY THEMSELVES, A POSSIBILITY ALGAMAR KNOWS IS REMOTE.)

3. ALGAMAR ALSO CONCEDED THAT IT WAS BECAUSE OF GOI INABILITY/UNWILLINGNESS TO CONTRIBUTE FULLY THAT THE SIZE OF THE BUFFER STOCK HAD BEEN CUT FROM 400,000 TO 300,000 TONS. HE ALSO ELABORATED ON THE ROLE OF THE COMMON FUND, EXPLAINING THAT IT WOULD NOT SIMPLY FINANCE THE FINAL 100,000 TONS. RATHER THE 300,000 TONS FINANCED BY PRODUCERS AND CONSUMERS WOULD BE INTEGRATED INTO THE CF WHEN IT BECOMES OPERATIONAL, AND IT IN TURN WOULD FINANCE THE 400,000 TON BUFFER STOCK. ALGAMAR ACKNOWLEDGED THAT A LONG TIME MIGHT PASS BEFORE THE CF COULD FULFILL THE ROLE HE OUTLINED AND THE PRODUCERS THUS HAVE NO INTEREST IN DELAYING THE RUBBER AGREEMENT UNTIL THE CF IS IN EXISTENCE.

4. IN RESPONSE TO A QUESTION ALGAMAR SAID THE PRODUCERS WERE SERIOUS ABOUT CONSUMER CONTRIBUTIONS TO OTHER MEASURES. HE SAID HIS BOSS, DIRECTOR GENERAL SUHADI, FEELS PARTICULARLY STRONGLY ABOUT THIS ISSUE.
MASTERS

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Message Attributes

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